

## REMARKS

By this paper, together with the paper of February 26, 2007, Applicant respectfully requests that the application be examined for compliance with the Patent Act (35 U.S.C. §§ 101, 102, 103, 112, *et seq.*) and Rules of Practice (37 C.F.R.), as interpreted by those with authority to do so.

Applicant's goal in this paper is simple: to get a good faith examination that is as complete as required by the PTO's own rules and procedural manual, and allowance if no rejection can be framed within the law. It is believed that if examination is done carefully as required by law and as requested in the paper of February 26, 2007, the examiner's work load will be reduced, because the application will be allowed. Applicant notes that the entire rework burden on both the Examiner and Applicant has been entirely caused by Examiner error, omissions of claim limitations, and omissions of consideration of legal elements of *prima facie* patentability. So far, every contested issue has revolved around something the Examiner was required to do, and failed to do – over and over. Had the work simply been done completely and carefully the first time, this case would have been allowed long ago.

To assist the Examiner in considering all of the issues that may result in allowance, and to break the pattern of error by omission, the February 26, 2007 paper breaks the proper analysis down into very simple steps. Careful step-by-step analysis is demanded by the Director's instructions and principles of administrative law. Applicant has requested full examination in every conventional way, and nothing has worked. If there is a less-intrusive way for an applicant to request that an examiner carry out his legal and professional obligations, Applicant's attorney is eager to learn of it, and would accept whatever suggestion the Office has to offer.

This application will soon pass its seven year mark. PTO Rules demand that the Office's seventh paper either be an allowance, or a complete first Office Action that reflects a *bona fide* effort to consider *every* claim limitation and every *prima facie* element of each law thought to apply, under a recognizable legal standard, and that "Answers All Material Traversed" as required by MPEP § 707.07(f).

Claims 1-178 are now pending, a total of 178 claims. Claims 1, 2, 28, 31, 53, 56, 60, 74, 93, 102, 119, 130, 140, 148, 154, 158, 161, and 172 are independent. All claims are indicated as

reciting allowable subject matter. As shown in § IV.B below and the paper of February 26, 2007, no claim is rejected on any ground.

**I. Request For Supervisory Oversight Pursuant To MPEP § 707.02**

In a telephone conference on May 1, 2007, James Wilson, on detail to the Office of the Commissioner for Patents, stated that a change of examiners was under consideration, and that all concerned had promised that all future Office papers would be in complete compliance with all PTO procedures.

The Supervisory Examiner's attention is drawn to a paper captioned "Request for Supervisory Oversight pursuant to MPEP § 707.02" filed herewith.

In the event a new examiner is assigned, attention is drawn to a concept that is stated multiple times in the MPEP, for example §§ 704.01 and 706.04:

**706.04 Rejection of Previously Allowed Claims [R-1]**

**PREVIOUS ACTION BY DIFFERENT EXAMINER**

Full faith and credit should be given to the search and action of a previous examiner unless there is a clear error in the previous action or knowledge of other prior art. In general, an examiner should not take an entirely new approach or attempt to reorient the point of view of a previous examiner, or make a new search in the mere hope of finding something.

**II. Amendment to Specification of October 3, 2005**

Applicant repeats the request stated in the paper of February 26, 2007, page 38, § I, incorporated here by reference. Kindly confirm that the amendment to the specification of October 3, 2005 is entered as an amendment.

**III. The Amendments to the Claims Are Not New Matter, and Are Not Narrowing**

The amendments to claims add no new matter, and are not narrowing, for reasons stated in the paper of February 26, 2007, pages 38-39, § II, and the paper of March 15, 2007.

The inventions claimed in the claims as now amended are substantially similar to the inventions claimed in the published patent application.

#### IV. First Alternative: The November 2006 Paper is Not an Office Action

##### A. Legal Standard for Existence of an “Office Action”

When an agency employee acts short of “requirements of the applicable departmental regulations,” then the employee’s action is “illegal and of no effect.” *Vitarelli v. Seaton*, 359 U.S. 535, 545 (1959); *IMS, P.C. v Alvarez*, 129 F.3d 618, 621 (D.C. Cir. 1997) (it is a “well-settled rule that an agency’s failure to follow its own regulations is fatal to the deviant action”). Agency decisions are void – that is, they have no legal existence – when an agency fails to make the showings required in the agency’s own procedural handbook. *Service v. Dulles*, 354 U.S. 363, 388-89 (1957). “*Ad hoc* departures from [an agency’s] rules, even to achieve laudable aims, cannot be sanctioned.” *Reuters v. F.C.C.*, 781 F.2d 946, 950-51 (D.C. Cir. 1986).

To raise any rejection, the Office must fulfill all requirements of 37 C.F.R. § 1.104:

##### § 1.104 Nature of examination.

###### (a) *Examiner's action.*

(1) ... The examination shall be complete with respect both to compliance of the application or patent under reexamination with the applicable statutes and rules and to the patentability of the invention as claimed....

...

(b) *Completeness of examiner's action.* The examiner's action will be complete as to all matters, ....

§ 1.104 forbids examination for compliance with an examiner’s personal and unwritten preferences, rather than the “applicable statutes and rules,” and forbids incomplete papers. If a paper breaches § 1.104, then it lacks the authority of the Director, and was not issued pursuant to either 35 U.S.C. § 131 or 37 C.F.R. § 1.104. In the words of the Supreme Court, such a paper is “illegal and of no effect.” *Vitarelli*, 359 U.S. at 545.

An agency decision must be set aside if it is “arbitrary [or] capricious” 5 U.S.C. § 706(2)(A). An agency action is arbitrary and capricious if it fails to consider relevant factors or makes an unexplained departure from past norms, *Motor Vehicle Mfrs. Ass’n, Inc. v. State Farm Mutual Auto. Ins. Co.*, 463 U.S. 19, 57 (1983) (“an agency changing its course must supply a reasoned analysis ...”); *Atchison Topeka & Santa Fe Rwy Co. v. Wichita Board of Trade*, 412 U.S. 800, 808 (1973). “Arbitrary and capricious” review is non-deferential when an agency has failed to address all relevant factors or all exceptions raised, has acted inconsistently with its own

precedent, or has violated its own procedures. 5 U.S.C. § 557(c); *see Motor Vehicle Mfr 's Assn.*, 463 U.S. at 48 (“an agency must cogently explain why it has exercised its discretion in a given manner”); *Atchison*, 412 U.S. at 806-07. Agencies only receive deference when their written decisions reflect a *bona fide* effort to engage in rational decision making.

37 C.F.R. § 1.111 specifically notes that it only applies to require a reply when the Office acts within § 1.104.

## B. The November 2006 Paper Fails to Do ANY of the Things Required of an Office Action

The MPEP states the following requirements for an Office Action. Note that the November 2006 paper does **none** of them. The compliance rate with the Patent Office’s rules is **zero percent**:

“It is <u>essential</u> that patent applicants obtain a prompt yet <u>complete</u> examination of their applications. ... Deficiencies should be explained clearly, particularly when they serve as a basis for a rejection.” MPEP § 2106(II).	The Examiner has conceded <b>twice</b> that the 11/1/06 paper was not “complete.” (Interview Summary filed 2/26/2007, ¶¶ 33, 39) The 11/1/06 paper is <b>dead silent</b> on any “deficiency.”
The Office must consider whether a claim is directed to “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof”	The 11/1/06 paper engages in wholesale rewriting of the statute, redefining the statutory categories as “product, process, process of making or composition.”
“The <u>burden</u> is on the USPTO to set forth a <i>prima facie</i> case of unpatentability. Therefore if USPTO personnel determine that it is more likely than not that the claimed subject matter falls outside all of the statutory categories, <u>they must provide an explanation.</u> ” MPEP § 2106(IV)(B).	There is <b>no evaluation whatsoever</b> of <b>any prima facie</b> element of any claim of the application, let alone an entire <i>prima facie</i> case. There is <b>no explanation</b> whatsoever of any factor relating to unpatentability.
“In evaluating whether a claim meets the requirements of section 101, the claim must be considered <u>as a whole</u> to determine whether it is for a particular application of an abstract idea, natural phenomenon, or law of nature, and not for the abstract idea, natural phenomenon, or law of nature itself. ” MPEP § 2106(IV)(C)	The November 2006 paper is <b>dead silent</b> in the “computer” language recited in every independent claim.
“A claimed invention is directed to a <u>practical application</u> of a 35 U.S.C. 101 judicial exception when it: (A) “transforms” an article or physical object to a different state or thing; <u>or</u> (B) otherwise produces a useful, concrete and tangible result, based on the factors discussed below.” MPEP § 2106(IV)(C)(2).	The 11/1/06 never considers “applicable statutes and rules” as explained in the MPEP; instead, it engages in wholesale fabrication and makes up an entirely new test for patentability out of thin air. The novel test misstates the relationships between the various subcomponents of the correct test.

“If USPTO personnel determine that the claimed invention preempts a 35 U.S.C. 101 judicial exception, they must <u>identify the abstraction, law of nature, or natural phenomenon</u> and <u>explain why the claim covers every substantial practical application thereof.</u> ” MPEP § 2106(IV)(C)(3).	MPEP § 2106(IV)(C)(3) states two requirements; the 11/1/06 paper fulfils neither requirement.
“The examiner bears the initial burden ... of presenting a <i>prima facie</i> case of unpatentability. ... <u>After</u> USPTO personnel identify and <u>explain in the record</u> the reasons why a claim is for an <u>abstract idea</u> with <u>no practical application</u> , <u>then</u> the burden shifts to the applicant to ” MPEP § 2106(IV)(D)	The 11/1/06 paper is <b>dead silent</b> on all issues relating to <i>prima facie</i> unpatentability. It is <b>dead silent</b> on “abstract idea” or “practical application” with respect to any claim. No burden shifts to applicant to do anything except point out the defects in the 11/1/06 paper.
“When functional descriptive material is recorded on some computer-readable medium, it becomes structurally and functionally interrelated to the medium and will be statutory in most cases since use of technology permits the function of the descriptive material to be realized.” MPEP § 2106.01.	The 11/1/06 paper is <b>dead silent</b> on any analysis. It identifies no “descriptive material,” it makes no showing of “non-functional,” and it ignores the computer-readable media within the scope of the claims.
MPEP § 2171, 2172, and 2173.04 set forth requirements that must be met if any rejection under § 112 is to exist.	The 11/1/06 paper meets <b>none</b> of the requirements. See §§ IV and Traverses 1-3 set forth in Applicant’s paper of 2/26/07.

The November 2006 paper fails to address **any** relevant factor for any conclusion stated. It is short of “requirements of the applicable departmental regulations.” If the Office believes that it is somehow exempt from the Supreme Court’s definition of valid agency action, or is aware of any exception to the Supreme Court’s statement of the law, it must provide a well-founded explanation. In absence of such an explanation, the November 2006 paper is “illegal and of no effect.” It has no existence.

The November 2006 paper was not an “Office Action” within any delegation of authority to an examiner. Restatement (2nd) Agency § 33 (“An agent is authorized to do, and to do only, what ... the principal desires him to do in the light of the principal's manifestations”). It was an unauthorized act. No time periods began to run. The application stands in the same position it stood on October 31, 2006.

### C. By the Office’s Own Admission, No “Office Action” Exists

The Examiner has conceded **twice** that the Office paper of November 1, 2006 was not “complete” or of sufficient “quality” to meet the requirements of an Office Action. (Interview Summary filed 2/27/2007, ¶¶ 33, 39). By the Office’s own admission, the November 2006 paper does not comply with 37 C.F.R. § 1.104. 37 C.F.R. § 1.111 expressly states that it only applies

to “an Office actions ... (§ 1.104),” not to errant papers issued outside the scope of § 1.104. Therefore, no reply was required. No time periods began to run. The application stands in the same position it stood on October 31, 2006, except for supplementary amendments invited by the examiner.

**D. First Request for Relief**

For these two reasons, the paper of November 1, 2006 was not an Office Action under § 1.104. All deadlines thought to have been triggered by the November 1, 2006 paper are null and void. In particular, no Office Action was issued that triggered any period to reply for purposes of patent term adjustment. The extension of time fee charged on March 2, 2007 was charged “in excess of that required,” and should be refunded pursuant to 37 C.F.R. § 1.26.

**V. Second Alternative: The Office Action Failed its Obligation to Issue a Corrected and Completed Office Action – A Supplement Should be Issued that Resets the Period for Reply**

Pursuant to MPEP § 710.06, Applicant several times timely called the attention of the Office to an error in the Office’s paper of November 1, 2006, and requested that the Office reissue the paper in corrected and completed form and reset the period for reply. MPEP § 710.06 was recently amended to read as follows:

**710.06 Situations When Reply Period Is Reset or Restarted [R-3]**

Where ... an Office action contains some other error that affects applicant's ability to reply to the Office action and this error is called to the attention of the Office within 1 month of the mail date of the action, the Office will restart the previously set period for reply to run from the date the error is corrected, if requested to do so by applicant. If the error is brought to the attention of the Office within the period for reply set in the Office action but more than 1 month after the date of the Office action, the Office will set a new period for reply, if requested to do so by the applicant, to substantially equal the time remaining in the reply period. ...

...

A supplementary action after a rejection explaining the references more explicitly or giving the reasons more fully, even though no further references are cited, establishes a new date from which the statutory period runs.

A first request for a complete Office Action, free of errors of omission that affect the ability to reply, was sent by email on October 29-30, 2006:

... For step 1 [of any § 101 analysis], be sure to precisely identify any "law of nature, natural phenomenon, or abstract idea" so the rest of the analysis of that portion of the

claim makes sense. For step 2, please be sure to identify any basis to believe that the "performed on a computer" language is insufficient to establish the "application" prong of step 2, in spite of the Office's precedent. Please be sure to explain why whatever you identify as a "law of nature, natural phenomenon, or abstract idea" is unlike the "share price" in *State Street* or the "PIC indicator" in *AT&T*, both of which were held to be "useful, concrete and tangible."

... § 101 issues have been raised **twice**, once in Konoff's action of 11/2003, once in yours of 10/2005, and **twice** resolved. While I'm as big a fan of careful examination as anyone..., you'll understand that in this circumstance, it would be incredibly wasteful for all concerned if a **third** rejection is anything less than fully considered and fully spelled out on paper, cites Federal Circuit authority, and great care is taken to be sure that it considers all the relevant precedent.

... In particular, in both steps 1 and 2, be sure to consider the definition of "useful, concrete and tangible" as applied to a "share price," and that a "useful result [may be] expressed in numbers, such as price, profit, percentage, cost, or loss." *State Street Bank v. Signature Financial*, 149 F.3d 1368, 47 USPQ2d 1596, 1601, 1602 (Fed. Cir. 1998). In step 2, be sure to consider the definition of "application of an abstract idea" and the "safe harbors" of MPEP § 2106(IV)(B)(2)(i) (August 2005 ed.) with respect to the "computer" in the last paragraph of each claim.

This email notes both the difficulty of responding to an incomplete Office Action and specifically requests correction of the error, and was made within 1 month of the mail date.

Pursuant to MPEP § 710.06, the Office was required to supplement the paper of November 2006, and reset the period for response.

Further, in the Interview of 12/13/06, Applicant repeatedly noted the omissions of the 11/1/06 Action, and noted that it was impossible to respond to positions that the Office Action had not stated. Later on 12/13/2006, at 9:13PM, this attorney sent an email to Examiner Chencinski and SPE Chilcot as follows. Note that it both draws the attention of the Office to an error that affects ability to respond and requests a correction of the error:

...The difficulty we both face is that Poinville [sic] is asking for claim amendments that both makes [sic] sense and comply with his personal opinion. But his opinion is not written down anywhere, so that's a difficult target to meet. Your [sic] recall I asked him several times to state what his test is - if it has any resemblance to any written test, I'll be happy to meet it. He was unable to state his test - all he could do was say "leasing is abstract," without explaining what his definition of "abstract" is. If **he** can't identify what standard he's applying, how can **I** possibly know? If "originating a lease" is "useful concrete and tangible," then how can "leasing" be abstract, and why can't he explain the difference between the claim language that exists and what he proposes?

Because the amendment to MPEP § 710.06 was quite recent, neither the Examiner nor Applicant was aware of Office policy, so it was not clear that Applicant had authority to make an

unconditional demand, and the examiner may well not have known that he had no authority to refuse. Nonetheless, this email clearly states the “error,” the “difficulty,” and the “request,” and thus triggered the Office’s obligation to issue a supplement and reset the period for reply under MPEP § 710.06.

The requests made on October 29-30, 2006 and December 13, 2006 should now be honored. A supplement to the Action of November 1, 2006 should be issued, and the period to reply to that paper should be reset to either 3 months or 6 weeks. Patent term extension should be adjusted. Petition of time fees should be refunded.

**VI. Third Alternative: The February 26, 2007 Paper Was A “Reply” Entitled to Entry, and Office Personnel Issued Affirmatively Misleading Statements on Which Applicant Relied. The Period for Reply was Tolloed on February 26, 2007**

The paper filed February 26, 2007 is fully compliant with 37 C.F.R. § 1.111, to the degree § 1.111 applies in the context of an Office paper that does not comply with Rule 104 or the MPEP. It is “with amendment” and “requests further examination” as permitted by Rule 111. It “replies to the Office action” by noting that the November 2006 paper is silent on every relevant issue. It “distinctly and specifically points out the ... errors in the examiner's action” pursuant to Rule 111, by noting that there is nothing in the action to which a direct reply is possible. It “replies to every ground of ... rejection” by pointing out the deviations from MPEP requirements, pursuant to Rule 111. It is “throughout a *bona fide* attempt to advance the application” – it asks for the Office's view on the essential legal issues. It notes that the November 2006 paper has no legal existence because it was issued outside the authority delegated by the Director to the examining corps in the MPEP, and fails to raise any *prima facie* rejection.

In the alternative, the paper of February 26, 2006, at § VIII, page 60, specifically states that it may be entered as a reply to the November 2006 paper if an official with authority to do so determines that the undisputed breaches of MPEP procedure listed in § IV.B above are within the scope of discretion delegated to examiners. SPE Chilcot left the following voice mail on March 1, at 6:29 AM:

This is Richard Chilcot at the Patent Trademark Office, concerning serial number 09/611,548. ... After reviewing the application along with the current Office Action, to



date, it was determined that the Office Action was indeed proper. If you still believe the Office Action is still arbitrary and capricious, you can seek relief under Petition under rule 181. ... Your response of February 26, 2007 is not considered to be a proper response, because the opening paragraph says this is not a response. There will be issued a notice of non-compliant amendment... Sometime either today or tomorrow it will be mailed. Any further questions, you can dial my number 571 272 6777.

SPE Chilcot made the assertion requested at § VIII, and thereby triggered entry of the February 26, 2006 paper.<sup>1</sup> The Notice of April 17, 2007 reflects incomplete consideration of the facts.

For either of these two reasons, the February 26, 2007 paper is entitled to entry, to toll the period for reply.

**VII. Fourth Alternative: Office Personnel Issued Affirmatively Misleading Statements on Which Applicant Relied. The Period for Reply was Tolloed on February 26, 2007**

Later in the day March 1, 2007, this attorney left a voice mail for SPE Chilcot explaining that the February 26, 2007 paper was a proper reply, and requesting a return phone call if the SPE had any further concern that the February 26, 2006 paper was not fully responsive. That phone call was never returned. SPE Chilcot violated the Office's "one business day" policy. By March 12, 2007, the IFW showed the status of the application as "Response to Non-Final Office Action Entered and Forwarded to Examiner." That status remained through mid-April. See Exhibits filed May 2, 2007. At least two more phone calls were made to Examiner Chencinski and SPE Chilcot during March requesting any remaining concern that they might have, and neither was returned.

In short, this attorney made diligent effort to ensure that all requirements had been fulfilled. The Office made affirmative representations that the paper was "entered." Office personnel promised that if that paper was not proper, notice would be given promptly. Office personnel violated Office policy in failing to promptly return phone calls explaining any non-entry. This attorney relied on representations by the Office.

The Office issued misleading statements. The Office broke promises. The Office breached policy in failing to correct its misleading statements, after being informed that this applicant was relying on those statements. This applicant should not lose patent term because of

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<sup>1</sup> If SPE Chilcot had no authority to waive MPEP requirements – which he does not – then he had no authority to sign the November 1, 2006 paper, which failed to meet MPEP requirements, and that paper is void.

affirmatively misleading statements, and breaches of Office policy that would have led to correction of those misleading statements. At the latest, any patent term extension loss should end at February 26, 2006.

The paper of February 26, 2006 contains a sentence that might be misunderstood if taken out of context – but the remainder of the paragraph explains the full context. It would be disingenuous of the Office to read one sentence and disregard the remainder of the paragraph, let alone the remaining 20 pages of the paper. It would be disingenuous of the Office to say that SPE Chilcot’s message was sufficient to waive the defects of the Office Action, but not sufficient to thereby trigger entry of the February 26, 2007 paper. It would also be disingenuous of the Office to apply a double standard under which the November 2006 paper is a duly-issued Rule 104 Office Action, and the February 26, 2006 paper is not a Rule 111 “reply.”

If the Office has any internally-consistent explanation for why the November 1, 2006 paper is an Office Action, when it does none of the things an Action is required to do, and the February 26, 2006 paper is not a reply, when it did all the things a paper is required to do, Applicant requests an explanation.

The paper of February 26, 2006 is an unconventional paper. However, it is impossible to give a conventional reply to an unconventional Office paper. For two separate reasons, the paper of February 26, 2006 was sufficient to toll the time for reply.

#### **VIII. Fifth Alternative: Petition for Extension of Time and Reply to Office Action**

In the event all alternative requests of §§ IV-VII are denied, and only in that event, Applicant petitions for a three-month extension of time to respond to the paper of November 1, 2006, to and including May 1, 2007. In that event, and only in that event, please charge the petition fee to Deposit Account No. 50-3219, Order No. 114595-02. A one-month extension fee was charged earlier, and the remainder fee due is \$450.00.

A full reply to any Office Action that may exist is set forth in the paper dated February 26, 2006, with Exhibits and Affidavits filed February 27, 2007. Applicant incorporates by reference all remarks made in §§ IV-VII of that paper (including Traverses 1-42). Pursuant to MPEP §§ 707.07, 707.07(f), 2106, 2171-2174, and any other applicable section, Applicant

requests a “Complete and Clear Examiner’s Action” that “Answers All Material Traversed” and addresses all issues discussed in the relevant portions of the MPEP.

Where the February 26, 2007 paper requests identification of and citation to authority, that authority must carry “force of law.” The Office is reminded that it has disclaimed any “force of law” for the MPEP that could be applied against applicants (MPEP Foreword), and has stated that the MPEP states only “instructions to examiners, as well as other material in the nature of information and interpretation, and outlines the current procedures which the examiners are required or authorized to follow....” The MPEP does not state law that can be used against applicants, when the MPEP does not reflect decisions of the Board of Patent Appeals and Interferences, or the Federal Circuit.

#### **IX. Conclusion**

Applicant respectfully submits that the claims are in condition for allowance, and requests that the application be passed to issue in due course. The Examiner is urged to telephone Applicant's undersigned counsel at the number noted below if it will advance the prosecution of this application. Kindly charge any additional fee, or credit any surplus, to Deposit Account No. 50-3219, Order No. 114595-02.

Respectfully submitted,

Dated: May 1, 2007

By: /David E. Boundy/

David E. Boundy  
Registration No. 36,461

LAW OFFICES OF DONNA L. ANGOTTI  
140 Broadway, Suite 4600.  
New York, New York 10005  
(212) 294-7848  
(212) 858-7750 Fax